The South Carolina
Forest Steward
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In the current issue of the South Carolina Forest Steward, we cover a range of issues on insects and disease, managing food plots for wildlife, using the latest in GPS technology, online soil surveys, timber taxes and thinning your pine timber. In addition, we highlight the American Tree Farm System, the oldest sustainable forestry program in existence. Continuing Forestry Education Coordinator Susan Guynn has an update on upcoming forestry webinars and other workshops that will be available in the coming months. We also highlight the latest trends in timber prices for South Carolina from Timber Mart South. If you would prefer to get an online version of this newsletter, please send your email address to Jason Caudill at caudill@clemson.edu or go to the Forest Stewardship Newsletter Link at: http://www.clemson.edu/extension/natural_resources/forestry/forest_steward_newsletters.html.

Jason Caudill, Extension Forester, Oconee County
Bob Franklin, Extension Forester, Colleton County
Co-Editors

Food Plot Management Year Round

Stephen Pohlman, Forestry & Natural Resources Extension Agent, Edgefield County

Many people view food plots as a means of holding deer in an area during the fall and winter months. But have you ever thought about food plots as a way to help your wildlife population, for quantity or quality, throughout the year? Fall food plots alone offer only supplemental food for the winter months. However, year round plantings can add many benefits to your wildlife management program.

The establishment of warm season food plots can help your whitetail does who are overcoming the stress of birthing and lactating, as well as whitetail bucks who are putting on new antler growth. They benefit turkey and quail populations by providing bugging areas in the spring for turkeys, as well as their poults, as well as a grassy habitat to possibly hide in. This is where a majority of hunters "miss the buck" due to only planting fall/winter food plots instead of already having a "crop" available, ready to eat, when your wildlife need it the most.

A few good examples of warm season (spring/summer) plantings (but not limited to) would be soybeans, lablab, cowpeas, egyptian wheat, browntop millet and sunflowers. Soybeans will need to be reseeded due to their inability to stand browsing pressure. Lablab is just the opposite; wildlife will eat lablab down to a bare stem and it will keep coming back. Lablab and cowpea are best in late summer.

In the early spring, we should consider fertilizing our mass producing trees such as oaks, hickories, persimmons, etc. The general rule of thumb for fertilization is only in the months of January through April due to hardening of the new wood growth put on by the tree to prevent breakage of limbs during winter storms. It is also best to have a soil sample of the area you intend to fertilize to make sure there are no other nutrient considerations. Soil sample bags are readily available at your local Clemson Extension office, and the cost is $6.00/sample. The general recommendation is to apply a complete fertilizer which would supply 2-4 lbs. of nitrogen per 1000 sq. ft. The only time a complete fertilizer should not be

Lab lab and grain sorghum. Photo by Marion Barnes

Cowpeas. Photo by Marion Barnes

used is when a soil sample reveals that phosphorus and potassium are high. To learn how to calculate the desired square footage to fertilize and to learn more on tree fertilization, please review Clemson's HGIC 1000 document online at http://www.clemson.edu/extension/hgic/plants/landscape/trees/hgic1000.html.

In the fall, it is hard to compete with Mother Nature. As we all know, most wildlife love to eat acorns as well as other fruits/berries. Tree fertilization for mast production is one thing we can do to help. Though we fertilize in the spring, the fall is when it really pays off.

Though planted in September for late fall and winter, many of the commercially available wildlife food plot blends of clover, oats, wheat, rye grain, and brassicas (i.e. turnip) do well, as do the mixing of the above-mentioned seeds yourself from your local feed and seed store. I do caution managers about the use of ryegrass as opposed to rye grain. Ryegrass can take over a food plot in time, thus out-compete the more desirable "crop" of oats, wheat, clover, etc. However, ryegrass does help stabilize the soil of newly plowed ground. Also, many of today's herbicides that eliminate ryegrass also take out most of your desirable small grains as well.

One species that I am a huge fan of is clover. At times it can be hard to establish on some soil types and in certain dry weather years. However, once established they are easy to maintain with mowing and chemical application on a yearly basis. Most wildlife species benefit from clover stands, either from the eating of the plant or the insects it attracts.

As you can see, wildlife food plots can be more than simple plantings for the fall/winter months. And with the proper implementation you can get year round benefits and results. For more information on wildlife plantings (such as species to plant, planting depth, rates, dates, and general comments on that plant) please contact your local Clemson Extension Office and ask for a copy of AFW 14, 'Quick Reference Guide to Wildlife Planting.'

As a side note on food plots, if you have young children between the ages of 5 through 19, most local 4-H chapters participate in a program called FACE (Food And Cover Establishment). FACE is a program in which children get a 5 lb. bag of warm season food plot seed to plant for wildlife, then they monitor and document the growth and wildlife usage of their plot. Different age groups are awarded different prizes based on the 'record book' they keep. Contact your local Clemson Extension Service office for more details.

New Technology Allows Landowners to Map their Lands

Jeff Fellers, Forestry & Natural Resources County Agent, Union County

With new technology and fast internet access, landowners are now able to tap into basic mapping applications for a minimal cost. In the past, landowners would have to seek help in obtaining aerial photographs and maps of their land. Before mentioning the tools and applications that are available for mapping purposes, it must first be noted that maps created by the following processes do not have the accuracy to produce a legal binding plat or document. However, they can be useful for calculating a rough acreage, locating specific items, and producing a map of the property.

The first item of interest for a forest landowner is a GPS unit. A GPS unit is a Global Position System that uses satellites to determine locations on the earth. There are many different types of GPS units available to the public. I am sure most everyone has seen or at least heard of them. One thing to remember is all GPS units are not made equally. They are made for different functions. Most of the GPS units used for travel in a car will not work for mapping purposes. These units are very good at giving driving directions, but that is their sole purpose. For mapping purposes, a landowner would be interested in a mapping GPS unit. These

units can record waypoints (such as property corners), tracts (such as roads and timber stands), and calculate acreage (this is an optional feature). For most landowners, I would suggest that the ability to calculate acreage is a must.

This is great feature to calculate size of timber stands, size of food plots, or total acreage in a tract. Two units I know calculate acreage are the Garmin GPSMAP 76 and the Delorme Earthmate PN-40. I have had a client bring in a Magellan bought specifically for acreage calculation and the unit could not do it. Check the specifications to make sure your unit will do what you want. Units have also become much more affordable for the general public. A good mapping unit with an accuracy of ±15 meters will cost between $300 and $350. As you increase your accuracy, you increase your cost. For most landowners ±15 meters is accurate enough. Hire a consultant or surveyor if better accuracy is needed.

If you do purchase a GPS unit, how do you use it to benefit you as a forest landowner? The GPS unit collects data and stores the data so it can be viewed on the GPS screen or on a computer. I am not going into creating tracts and waypoint; that can be found in the direction manual of the GPS Unit. Once you have collected your data, how do you display it in map form or on an aerial photograph? All the units come with software that is installed on a computer. This software will allow you to view waypoints and tracts created by the GPS unit. The software is very basic and for most units cannot be viewed over aerial photographs (Delorme has software that can download aerial photographs for a fee). Fortunately, many third party developers have developed software that will communicate with a variety of GPS units. The following applications are ones that I have used and are free to download. There are more available, these are just the ones I use and like.

Google Earth

Most have probably heard of this application; if not, I recommend downloading it, whether or not you plan to use it with GPS. This application allows you to "fly" anywhere in earth and view aerial photographs of the area. This application can be downloaded for free at http://earth.google.com. For more editing capabilities you may also purchase the advanced version for about $400. The free version is what I use. GPS data can be downloaded to the computer and displayed over aerial photos in Google Earth.

ArcGIS Explorer

This is a free program that is similar to Google Earth with a few more editing capabilities. Aerial photographs are automatically downloaded for the area of interest. One benefit to this software is that you can also download free infrared photographs from the South Carolina Department of Natural Resources website and view them with your GPS data. This may be downloaded at http://www.esri.com/software/arcgis/explorer/index.html.

DNR Garmin

Garmin is a popular unit and I have one that I use. This program will download your Garmin GPS data and convert it to file that can be viewed in other programs. This is a free program that can be downloaded at http://www.dnr.state.mn.us/mis/gis/tools/arcview/extensions/DNRGarmin/DNRGarmin.html.

Please keep in mind that the purpose of this article is to inform you of the new technology available to mapping. I have not included instructions on how to use GPS units or work with the applications to produce maps. That is a workshop and hard to put into an article format. If one is computer savvy, these programs can be learned by trial and error. I have conducted a workshop within my county on using GPS units on forest lands. Participants completed exercises by actively mapping features such as roads, deer stands, property corners, and boundary lines. Participants were then able to watch as I downloaded the data and created maps of the data that was collected by the participants. If you would like more information about this topic, please contact Jeff Fellers (864-427-6259 or fellers@clemson.edu).

Unwelcome Campers may be Popping Tents Up on your Property

The eastern tent caterpillar has begun spinning its silken tents in many trees

Scott Hawkins, Public Information Office, South Carolina Forestry Commission

Speak softly and carry a big stick. That advice is historically associated with Teddy Roosevelt, but forest health experts with the South Carolina Forestry Commission also say it may be the perfect way for dealing with a certain pest now in season, the eastern tent caterpillar.

Each year South Carolinians notice tent-like structures forming in the branch crotches of their cherry, crab apple, and apple trees. While not destructive, they are unsightly to many of us and most homeowners would prefer not to have those silken, webby circus tents woven into their landscaping.

Eastern tent caterpillar "tent"

Laurie Reid, an insect and disease specialist with the Forestry Commission suggests merely swiping at the tent masses with a long pole or stick. "It sounds crude, but it is the safest way to deal with a pest that is merely offensive or annoying. Chemicals aren't necessary for this one," Reid says.

With the tents come the insect itself. The Eastern Tent Caterpillar has long brown hairs, a white stripe on the back which is bordered by yellow-brown and black lines, and blue and black spots on the sides.

Eastern tent caterpillars

It can also be found on ash, birch, blackgum, willow, witchhazel, maple, oaks, poplar, peach and plum trees, although your cherry trees are its preferred hosts.

Eastern tent caterpillar egg mass

The tent building is just one phase of this insect's year-long lifecycle. Each summer (usually in June or July), the adult female moth will lay 100-300 eggs in a dark brown varnish-like egg mass around a small twig. The caterpillars do not hatch from the eggs until the following spring, typically in March and April when the cherry buds are breaking.

After hatching, the caterpillars collectively make the tent and begin feeding on the newly emerging leaves. The caterpillars will also venture out from the protective nest to feed. After several weeks, the fully-grown caterpillars will leave the nest for a final time to find a protected place to make their cocoons (pupate).

Early this summer, the light brown adult moths will emerge from the cocoons. After mating occurs, the female will lay eggs and the cycle will begin again.

While a little nibbling occurs, these insects do not completely defoliate your trees. Eaten leaves will reappear quickly.

"It's unfortunate for them," Reid says, "but they are often mistaken for the fall webworm which we see in autumn."

The fall webworm gnaws on the leaves of more than a hundred species of hardwood trees. Knocking down the eastern tent caterpillar habitat in the spring may often be a case of guilt by association.

How Do I Know When My Pines Trees Are Ready to Thin?

By Tim Traugott, Mississippi State University

With the current strength in pulpwood prices, we get this question quite a bit and the answer is not simple. You can, however, look at six factors that can help you determine when your pines are ready for a commercial thinning. They are: 1). Tree Diameter, 2). Stand Density, 3). Tree Heights, 4). Natural Pruning, 5). Growth Rates, and 6). Live Crown Ratio.

Tree diameters are measured at diameter at breast height (DBH), which is 4.5 feet above the ground. When assessing tree diameters for a commercial thinning, the majority of the trees should be 5 inches DBH or larger. Five inches is the threshold of merchantability.

Stand density is determined by both the size of the trees and the number of trees per acre (TPA). Foresters use a measure of stand density called Basal Area, which is the cross sectional area of all the trees in a stand measured at DBH. It is expressed in square feet per acre and is easily measured with a wedge prism or angle gauge. Most pine stands need thinning to reduce between-tree competition and reduce pine beetle risk when basal areas exceed 120 square feet per acre.

Trees should have a total height of at least 40 feet or taller for pine plantations to be commercially thinned. Most logging today is done using tree length log trucks to haul the wood to the mill. If the trees are not 40 feet in length, most loggers have a difficult time loading enough logs onto their trucks for the logging operation to be profitable.

Natural pruning is important. Since pines don't tolerate shade, their branches die from the ground up as the trees become crowded and the lower limbs are shaded out. Over time these limbs die and fall off in

Thinned stand of 15-year old loblolly pine. Photo by Scott Roberts, Mississippi State University. Bugwood.org

a process called "natural pruning." By allowing this to happen, the lower log of the tree is higher quality and more valuable than a pine tree grown in the open that has retained all its limbs.

Natural dying of the lower branches to a minimum height of 18 feet should occur before the plantation is thinned. If there are live green limbs less than 18 feet in height on the trees, thinning could lower the tree quality on the remaining trees since those green limbs will continue to grow when exposed to sunlight. Let natural pruning occur so your remaining trees will have clean, limb-free lower logs.

The main objective of thinning is to maintain and enhance growth rates on high quality trees. As the trees in your pine plantation grow older and become crowded, growth rates will decline. You can check on this by getting an increment borer and coring several of the largest and best trees in your stand. For example, if you core an eight inch tree and find the last five years for growth have produce ¼ inch of wood, this would equate to a 6.25% growth rate {(0.25 X 2)/8 = 0.0625}. This may be an acceptable growth rate for your objectives. In general, growth rates of 5% or less indicate the need for thinning.

Live Crown Ratio is the proportion of green canopy to the total tree height. It is usually expressed as a percent. In general, for loblolly, longleaf, shortleaf and slash pines, once the live crown ration gets below 33%, diameter growth stops and won't resume until the live crown ratio is greater than 33%. With slash pine, once the live crown ratio drops below this point, slash stagnates and won't resume diameter grown. As you can see, with all our pine species, its critical to keep the stand's live crown ration greater than one-third so the remaining trees can respond with diameter growth as soon as possible after thinning.

Are your pines ready to thin? The answer may be yes if:

- Tree Diameters are greater than 5 inches DBH
- Stand Basal Areas are greater than 120 sq ft/acre
- Tree Heights greater than 40 feet
- Natural Pruning greater than 18 feet
- Growth rates less than 5%
- Live Crown Ration greater than 33%

Still confused? When in doubt, get an opinion from a Registered Forester.

Adapted from Are My Pine Trees Ready to Thin? By Tim Traugott, Mississippi State University. Cooperative Extension Service publication 2260 ⁂

Annosus Root Rot

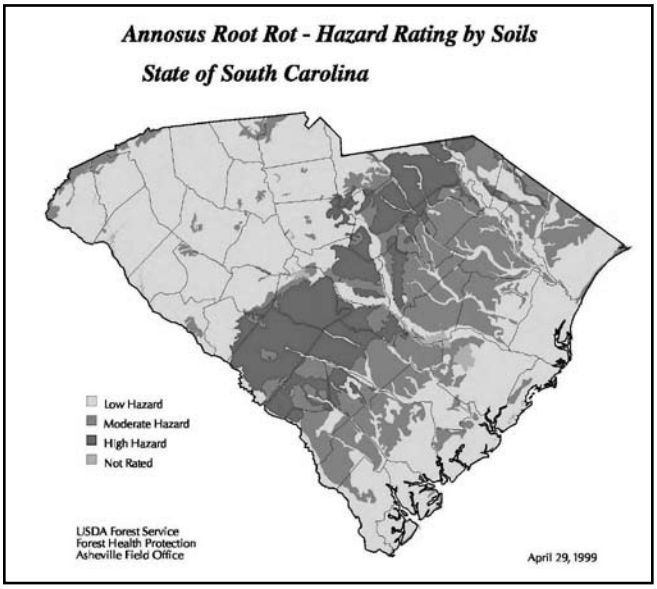
Laurie Reid, Insesct and Disease Forester, South Carolina Forestry Commission

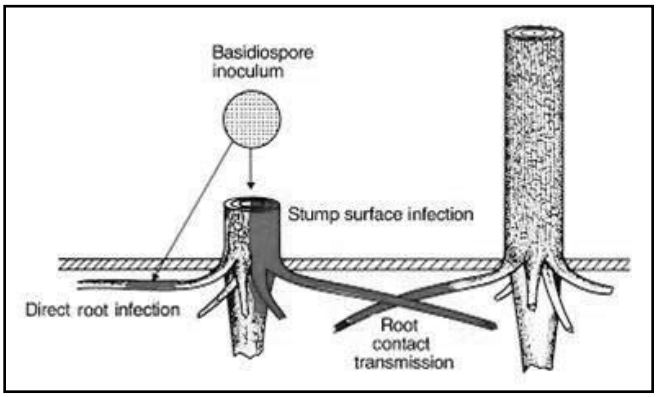
Although the pulpwood prices are high right now, thinning pine trees located in an area that is at risk of developing annosus root rot can mean tree losses in the future. The Insect and Disease section has recently received many calls from foresters wanting to thin trees located in areas that are at high risk of developing annosus root rot – these are deep sandy and sandy-loam soils from the sandhills to the coast (see risk map). Winter thinning is not recommended on these sites because this is the time of year when the fungus' reproductive structures (mushrooms or conks) are actively producing spores.

Annosus root rot generally enters a stand after a thinning. Airborne spores land on a freshly cut stump, germinate, and grow into the stump and the roots, rotting the roots as the fungus grows. The infection becomes a problem when the infected root of the cut tree is in contact with the roots of a healthy standing tree. The fungus will grow into the standing trees' roots and the tree will flood the infected root with resin to wall off the fungus. If enough roots of the standing tree are infected, the tree will die. Infection can also start through wounded roots due to firebreak plowing, food plot maintenance, or wild hog feeding.

The annosus root rot fungus is slow growing, typically growing less than 1 meter per year. Tree loss due to annosus typically will last 7 years after the thinning. We generally see the most losses from 3-5 years after thinning and the disease is typically inactive after 10 years.

Pine stands in moderate to high hazard sites that were formerly in agriculture (ex. CRP stands) are





more susceptible to losses due to annosus than stands that historically have been forested. This is due to the differences in soil factors in the upper 7-10 inches of soil and due to the prevalence of root-to-root contact in old field sites.

The recommendation for stands in annosus prone areas is for all thinning operations to occur in the summer, preferably in July and August, when there are few spores being produced. If thinning is to occur in the winter months, we recommend the application of a borax product labeled for annosus root rot (ex. Sporax or Cellu-treat) on the freshly cut stumps. These stumps should be completely covered with the borax product as soon as possible and within 24 hours of cutting.

If you have any questions, please call the I&D section for more information.

Web Soil Survey – The One-Stop Soils Shop

Columbia, SC, March 10, 2010 – If you need the most up-to-date soils information available, the Web Soil Survey (WSS) is for you. It provides agricultural producers, land-use planners, real estate agents, and others electronic access to relevant soil data and soil interpretations needed to make land-use and management decisions.

WSS provides soil data produced by the National Cooperative Soil Survey, which is a joint effort of the USDA Natural Resources Conservation Service (NRCS) and other Federal agencies, State agencies, and local participants. It is operated by NRCS and provides access to the largest natural resource information system in the world. NRCS has soil maps and data available online for all of South Carolina's counties as well as 95% of the nation's counties. The site is updated and maintained online as the single authoritative source of soil survey information.

This online tool enables soils information to be accessed for your particular geographic area of interest. Once that area has been selected, a soils map can be produced. WSS also allows users to generate thematic maps of soil interpretations and chemical or physical properties. For example, suppose you have a piece of property and want to build a house with a septic system. You can produce maps and reports showing the soils on the property which are best suited for these uses.

There are more than 100 soil interpretation ratings and more than 40 soil property ratings available. If you want soils information, Web Soil Survey has got it. Just visit http://websoilsurvey.nrcs.usda.gov. This is a free service. For more information about soils or conservation of natural resources, contact your local NRCS office in South Carolina or visit www.sc.nrcs.usda.gov.

Tax Tips for Forest Landowners for the 2009 Tax Year

by Linda Wang, Forest Taxation Specialist, and John L. Greene, Research Forester, Southern Research Station

This bulletin summarizes federal income tax information useful to woodland owners in preparing their 2009 tax returns. It is current as of October 1, 2009, and supersedes Management Bulletin R8-MB 132. It should not be construed as legal or accounting advice; consult your legal and tax professionals for advice on your particular tax situation.

IRS Property Categories

Standing timber may be held as personal use property, investment property, or business property. The tax provisions differ for each category. If you hold timber to produce income but do not actively manage it, you may be an investor. If you actively manage your timber for the regular production of income, you likely hold it for use in a business. It is not difficult to qualify for business use; the characteristics are regularity of activity and production of income (under the passive loss rules, participation in a business may be active or passive; not all of the provisions summarized here apply to passive participants). Holding timber or forest property for personal use – without a profit motive – is a disadvantage tax-wise, because of the limits on deductions. One of the best ways to document that you have a profit motive is in a written management plan.

Selling Timber

Effective after May 28, 2009, purchasers of timber in a lump-sum sale must report the sale on a Form 1099-S (or equivalent). Pay-as-cut timber sales already were subject to this requirement. In most cases your gain from a sale or disposal of standing timber can qualify as a capital gain, under IRC sec. 1221 (timber held as

an investment) or sec. 631(b) (timber held for use in a business).

Example 1: In 2009, you sold standing timber for $20,000, lump-sum, with $2,000 in sale expenses. Your basis in the timber was $0, because you had recovered it under the reforestation provisions (see below). Your net gain of $18,000 ($20,000 – 2,000) is a capital gain. If you hold your woodland as an investment, report the gain on Form 1040, Sched. D; if you hold it for use in a business, report the gain on Form 4797.

In some cases owners who hold timber for use in a business will harvest – or have a contractor harvest – standing timber and sell the cut products. In these cases, only gain from the appreciation in value of the standing timber is a capital gain (sec. 631(a); make the election on Form T, Part II). The difference between the value of the standing timber and the value of the cut products is ordinary income.

Example 2: In 2009, you hired a contractor to harvest standing timber from your woodland and sold the cut sawlogs to a mill for $30,000. You paid $2,000 in logging costs. You had owned the timber for 10 years for use in a timber-growing business. Your basis in the harvested timber was $1,000 and its stumpage value was $23,000 as of Jan. 1, 2009. If you elect to treat the sale as a disposal under sec. 631(a), report the $22,000 ($23,000 – 1,000) gain from the appreciation in value of the standing timber as a capital gain on Form 4797, and the $6,000 ($30,000 – 22,000 – 2,000) gain from the sale of cut products as ordinary income on Form 1040, Sched. C.

Long-term capital gains ordinarily are taxed to individuals at a rate of 15%, although a 0% rate applies to amounts which, when added to a taxpayer's ordinary income, fit under the ceiling for the 15% bracket for ordinary income ($33,950 for single taxpayers, $67,900 for married taxpayers filing jointly). The 15% capital gains rate also is available for 1 year, beginning May 22, 2008, to C corporations that held the timber sold or harvested for over 15 years. If you claim a depletion deduction for timber sold or harvested (see below), or if you sold timber lump-sum under sec. 631(b), you must file Form T, Part II.

Installment Sales

An installment sale involves receiving one or more payments after the year of sale. Installment sales permit the seller to defer taxes or spread gains and taxes over 2 or more years. Timber proceeds remain a capital gain, but real or imputed interest on deferred payments is ordinary income.

Example 3: In 2009 you sold timber for $10,000 ($8,000 after sale expenses). The buyer paid you $5,000 in 2009 and $5,000, plus interest, in 2010. Your gross profit percentage is 80% ($8,000 / $10,000). Report $4,000 ($5,000 x 80%) in timber capital gains for 2009, using Form 6252.

Timber Basis

Your basis in purchased timber is the purchase price, plus related expenditures (legal fees and survey costs, for example), separate from the basis of the associated land. For inherited timber, however, your basis is the fair market value of the timber on the donor's date of death, and for timber received as a gift, it is the donor's basis (or the value of the timber if that is less). Your basis in timber sold is subtracted from the sale proceeds to determine the taxable gain (see below), and your basis in the depletion account for damaged timber determines the maximum deduction for a casualty or theft loss (see below). You may establish your timber basis retroactively if you did not do so at the time of acquisition. A professional forester usually can estimate the value and volume of the timber at the time you acquired it.

Example 4: You inherited a 50-acre woodland 10 years ago, but didn't know to establish your timber basis until you sold timber in 2009 and your tax accountant asked for it. You hired a forester, who estimated that on the date of the donor's death, the woodland had 1,000 cords of timber valued at $25 per cord. Therefore, your timber basis is $25,000 ($25 x 1,000). Record your basis in the timber and the land on Form T, Part I.

Timber Management Expenses

If you hold your woodland as an investment or for use in a business, you can deduct ordinary and necessary management expenses, such as fees paid to a professional forester, or the cost of brush control, thinning, and protecting your timber from fire, insects or disease. If you hold your woodland as an investment, you deduct such management expenses on Form 1040, Sched. A, where they are subject to the 2% of adjusted gross income floor. Because of this, you may prefer to capitalize the expenses instead of deducting them. If you hold your woodland for use in a business, you can deduct management expenses in full on Form 1040, Sched. C (or Sched. F if you are a farmer).

Reforestation Tax Provisions

Under sec. 194 you can fully recover the cost of establishing or reestablishing timber on your woodland. You can deduct outright the first $10,000 ($5,000 for married couples filing separately) per year

of such expenses per qualified timber property. Any additional amount can be amortized over 84 months (8 tax years). Costs for both natural and artificial regeneration qualify.

Example 5: You spent $28,000 to reforest your property in 2009. You can deduct $10,000, plus 1/14th of the remaining $18,000 ($1,287) in 2009. In 2010 through 2015 you can deduct 1/7th of $18,000 ($2,571), and in 2016 you can deduct the last 1/14th ($1,287). Take the amortization deduction on Form 4562, Part VI.

Depreciation and the Section 179 Deduction

You can take deductions for capital expenditures you make for your woodland enterprise, for example timber equipment, machinery, bridges, culverts, temporary roads, or the surfaces of permanent roads. If you hold your woodland for use in a business, sec. 179 permits you to deduct up to $250,000 of the cost of qualifying property purchased and placed in service during 2009, subject to phase-out and taxable income limitations. Expenditures that cannot be deducted under sec. 179–and all capital expenditures by owners who hold their woodland as an investment–can be depreciated over the property's useful life. For example, logging equipment is depreciated over a 5-year period. A first-year deduction of 50% (bonus depreciation) may be taken for depreciable property purchased and placed in service in 2009.

Cost-share Payments

If you receive payments from a government cost-share program, you can expect to receive a Form 1099-G. But sec. 126 permits recipients of payments from approved cost-share programs to exclude a calculated part of the payments from their gross income. Approved federal programs include the Forest Health Protection Program (to combat Southern Pine Beetle, western bark beetle, forest diseases, and forest invasive plants, approved August 10, 2009, retroactive to prior years), the Conservation Reserve Program (CRP), Environmental Quality Incentives Program (EQIP), Wildlife Habitat Incentives Program (WHIP), and Wetlands Reserve Program (WRP). Some state programs also qualify. The excludable portion is the present value of the larger of $2.50 per acre or 10% of the average annual income from the property over the last 3 years.

Example 6: You received a 1099-G showing that you received a $4,000 cost-share from the Southern Pine Beetle cost-share program for your 100-acre tract in 2009. If you didn't have income from the property in the last 3 years, your maximum exclusion is $3,275 ($2.50 x 100 acres / 7.63%; the interest rate is from the Farm Credit System bank). If you had $12,000 income from the property, your maximum exclusion is $5,242 (10% x ($12,000/3) / 7.63%)). Attach a statement to your tax return describing the cost-share program and your exclusion calculations.

Timber Casualty Losses

A timber loss from a casualty – a sudden, unusual, and unexpected event such as a fire or severe storm – can result in a tax deduction or a taxable gain. The deduction is the lesser of the decrease in value caused by the casualty or your basis in your timber depletion account. A competent appraisal is required.

Example 7: In 2009 a fire reduced the value of the timber on your woodland from $9,000 to $4,000. Your basis in the timber was $2,000. Your casualty deduction is limited to $2,000 because your basis in the timber depletion account is less than the decrease in its value.

File Form 4684, Section B, for the loss and adjust your timber basis on Form T, Part II.

Example 8: A salvage sale of the damaged timber netted you $2,000 over expenses. Since the loss deduction reduced your basis in the timber to $0, you have a gain of $2,000. But, you can defer recognition of the gain if you use it to purchase qualifying replacement property (including reforestation) within the allowable replacement period (2 years for a casualty).

Timber Depletion

Timber depletion is a measure of your investment in timber sold. Calculate the taxable amount of income from a timber sale by subtracting the timber depletion deduction and sale expenses from the gross sale proceeds. Calculate your depletion deduction by dividing the total basis in the depletion account by the total volume of timber (the depletion unit) then multiplying by the number of units sold.

Example 9: Your woodland carries 300 tons of sawtimber with an adjusted basis of $9,000. You sold 150 tons of the sawtimber in 2009. Your depletion unit is $30 per ton ($9,000/300 tons) and your depletion deduction is $4,500 ($30 x 150 tons). Report the adjustment in your timber basis in Form T, Part II.

Reprinted from USDA Forest Service Management Bulletin R8-MB 134 ⁂

Timber Taxation and Forest Landowners

Submitted by Susan Guynn (Parts of this article have been reprinted with permission of the author, Dr. Harry L. Haney, Jr.)

The greatest burden a landowner faces is taxation. However, landowners can use knowledge of the tax law to ease that burden. The tax laws governing timber are complex, intricate and sometimes ambiguous, making planning difficult.

Three factors constitute the key tax issues for maximizing your investment in forestland:

1. Start by establishing the basis of your timberland investment. Ledger accounts are a critical step in supporting future deductions for depletion and provide the foundation to measure the growth of your investment.
2. Establish and maintain a systematic record-keeping structure that ensures adequate accounting for all qualified expense deductions.
3. Make sure on-the-ground management strategies for marketing ensures long-term capital gains on your timber sales. Proper marketing includes activities such as the timing of thinning and final harvests.

Dr. Haney shared a few other tips:

- Landowners should consider an election to exclude cost-share payments from income under Internal Revenue Code (IRC) Section 126. This generally ensures the most favorable tax treatment.
- The IRS permits a revised handling of casualty losses, for example, from fire or hurricanes. A casualty loss is the difference in timberland value before and after the event. It is reported on IRS Form 4864, not to exceed your adjusted basis. After adjusting basis for the casualty, any salvage of damaged timber is treated as a separate event which is an "involuntary conversion." Taxable gain can be deferred by investing in similar assets under IRC Section 1033.
- New markets like biomass and carbon credits Dr. Haney stated, "In my opinion, these might offer future returns similar to hunting lease incomes. In the near term, they may bring in another 5 – 10 percent return, but higher-value products such as sawtimber should still drive decision making for the forest owner."

In order to allow landowners to be able to better communicate with their tax professionals and forester on these and other topics, a DVD is being offered that will educate landowners on overall tax strategies, nuances of the law, and long-term goals and objectives. TIMBER TAXATION, authored by renowned timber taxation specialist, Dr. Harry L. Haney, Jr. (and co-presented by Dr. Tamara Cushing), is available on DVD through the Clemson University Department of Forestry & Natural Resources for only $79.00 (tax and shipping included). This 4-DVD set includes copies of the slides used in the presentation and the course notes for Timber and the Federal Income Tax.

To order your copy of TIMBER TAXATION, visit the Clemson University Department of Forestry and Natural Resources Continuing Education website at www.clemson.edu/fnrce or contact Susan Guynn at (864) 656-0606 or via email at sguynn@clemson.edu.

Tree Farm Program

I'm sure you've seen those green and white Tree Farm signs while driving around South Carolina. But, do you know what Tree Farm is and offers for family forest landowners in our state?

Forest Stewardship Program

The Forest Stewardship Program (FSP) is a FREE technical service program designed to encourage multiple resource management on private non-industrial forestlands. FSP encourages wise use of all forest-related activities including timber management, wildlife habitat management, recreation, aesthetics, grazing, and soil and water conservation. WHO IS ELIGIBLE: Private landowners who own more than 10 acres, with at least 5 acres of the tract in forestland. SERVICES PROVIDED: Free technical assistance from a professional forester and wildlife biologist, a 10 year written management plan, subscription to the South Carolina Forest Stewards newsletter, and recognition as a Stewardship Forest landowner.

CONTACT: The SC Forestry Commission Forest Stewardship Coordinator, Scott Phillips, at 803-896-8844; Lynn Leclair, PeeDee Region Stewardship Forester at 843-662-5571; Vaughan Spearman, Coastal Region Stewardship Forester at 843-538-3708; Jamie Jones, Piedmont Region Stewardship Forester at 803-276-0205 or your local South Carolina Forestry Commission area office.

The mission of Tree Farm is *to promote the growing of renewable forest resources on private lands while protecting environmental benefits and increasing public understanding of all benefits of productive forestry.*

The American Tree Farm System® (ATFS), a program of the American Forest Foundation's Center for Family Forests, is committed to sustaining forests, watershed and healthy habitats through the power of private stewardship.

Since 1941, ATFS has educated and recognized the commitment of private family forest landowners in the United States. Currently, ATFS has certified 24 million acres of privately owned forestland and over 90,000 family forest owners who are committed to excellence in forest stewardship in 46 states. Tree Farmers share a unique commitment to protect wildlife habitat and watersheds, to conserve soil and to provide recreation for their communities while producing wood for America. These individuals hold the key to the kinds of forests, forest activities and forest resources future generations of Americans will enjoy.

ATFS has established standards and guidelines for property owners to meet to become a Certified Tree Farm. Under these standards and guidelines, private forest owners must develop a management plan based on strict environmental standards and pass an inspection by an ATFS volunteer forester every five years.

Water. Wildlife. Recreation. Wood. The four sides of the Tree Farm sign tell the story of sustainable forestry ... a thriving forestland that has clean water, a healthy wildlife habitat and recreational opportunities. Our green and white diamond shaped Tree Farm signs are widely recognized across the country.

ATFS, dedicated to putting more good forestry on more acres.

The American Forest Foundation (AFF) is a nonprofit 501(C)(3) conservation and education organization that strives to ensure the sustainability of America's family forests for present and future generations. The organization's vision is to create a future where North American forests are sustained by the public which understands and values the social, economic, and environmental benefits they provide to our communities, our nation, and our world.

Outreach and education are central to the Tree Farm mission of *promoting the growing of renewable forest resources on private lands while protecting environmental benefits and increasing public understanding of all benefits of productive forestry.*

AFF supplies funding that enhances the South Carolina ATFS Committee efforts to carry out programs that attract, encourage and support Tree Farmers.

Much of the work ATFS accomplishes is at the state and local level. ATFS programs are run by state and community volunteers. State ATFS Committees bring foresters, consultants and government agency officials together with experienced Tree Farmers to plan and administer each state ATFS program. Often, state forestry associations provide administrative support.

While each state Tree Farm program is self governing, all work under the guidelines developed by ATFS's National Operating Committee (NOC). Most members of the NOC are Tree Farmers and ATFS volunteers from across the country. They work with representatives of industry and state forestry organizations to set overall policy and assure the ATFS program meets the needs of forest landowners.

If you'd like to learn more about the South Carolina Tree Farm program or become a Certified Tree Farmer, contact Scott Phillips, State Committee Secretary at (803) 896-8844 or sphillips@forestry.state.sc.us

You can also visit the American Tree Farm System's website at: http://www.treefarmsystem.org/.

Webcasts Offered by the Department of Forestry and Natural Resources

Susan Guynn, Extension Associate and Continuing Education Coordinator

The Continuing Education program in the Department of Forestry and Natural Resources is offering 6 webcasts in 2010. Many of the topics have a broad appeal to landowners and foresters. The webcasts can be viewed from your computer using a high speed internet connection. Webcasts offer landowners the opportunity to view presentations on timely topics, without the expense of a full workshop and travel costs. Each webcast is only $20 and you don't have to leave the comfort of your home. The 2010 Webcast schedule is listed below. If you would like to register or for more information, please visit our website at www.clemson.edu/fnrce or contact Susan Guynn at (864) 656-0606.

July 22 . . . . . Softwood Timber Supply: Outlook & Influences

September 2. . Growth and Yield Modeling Programs

November 18 . . . . . .Forest Certification

December 16 . . . . . Forestry Ethics

Upcoming Workshops for 2010

Susan Guynn, Extension Associate and Continuing Education Coordinator

A number of traditional workshops will be offered in 2010 by the Continuing Education program in the Department of Forestry and Natural Resources. A wide variety of topics are scheduled to be offered this year including use of herbicides for wildlife habitat management, estate planning for landowner, timber taxation, and feral hog management. These workshops are offered in various locations throughout the state. The estate planning for landowners and timber taxation workshops are scheduled to be held in Clemson on the Thursday and Friday prior to the Georgia Tech home football game! If you would like to register or for more information, please visit our website at www.clemson.edu/fnrce or contact Susan Guynn at (864) 656-0606.

Sabal Palm Disease in Western Florida

Laurie Reid, Insesct and Disease Forester, South Carolina Forestry Commission

A new disease in five counties on the south-western Florida coast is killing Sabal Palms (the state tree of South Carolina and Florida) and Canary Island date palms. Researchers with the University of Florida recently discovered that a phytoplasma – a type of bacteria without a cell wall – is responsible for the disease. The supposed vector of this disease is a leafhopper (a piercing sucking insect that feeds on the nutrient-moving tissues of plants). Research is ongoing to determine the exact vector of the disease and if the phytoplasma that is responsible for this disease is the same as the phytoplasma responsible for Texas Phoenix Palm Decline.

Texas Phoenix Palm Decline, first discovered in Texas in the 1970's, is responsible for the death of Canary Island date palms (Phoenix canariensis), date palms (Phoenix dactylifera), wild date palm (Phoenix sylvestris), and queen palm (Syagrus romanzoffiana) in Texas.

Symptoms of phytoplasma-infected trees include browning of the lower leaves, death of the spear (the youngest unfolded leaf), premature leaf death, death of flowers and fruit, premature fruit drop, and overall tree death. Leaf browning and fallen fruit is

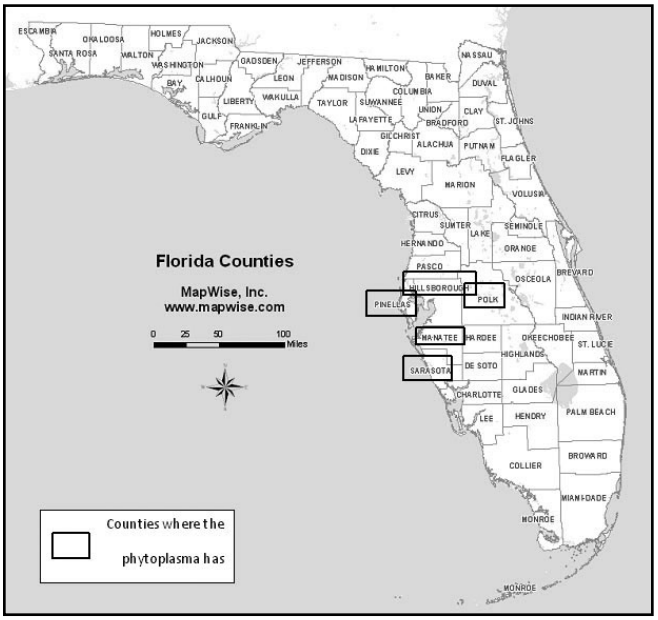
often seen in nutrient deficient or over-pruned trees. Additionally, trees with herbicide damage, root/butt rots, lightning damage, fire damage, insect attacks, or too deeply planted can exhibit similar symptoms. Trees that exhibit the above symptoms should be examined by a professional arborist or someone who works with palm trees. The only way to diagnose a phytoplasma-infected tree is by expensive molecular testing.

The natural spread of this disease is unknown at this time. Nurseries in South Carolina that buy Sabal Palms from the south-west coast of Florida may want to find an alternative source, such as Georgia or the northeastern portion of Florida where the disease has not been found, until more information about the disease and the vector are known.

For more information, see the following websites:

http://flrec.ifas.ufl.edu/palm_prod/pdfs/Sabal-palmetto-Infected-with-Phytoplasma-in-Florida.pdf

http://edis.ifas.ufl.edu/PP163



Extension Forestry & Natural Resources
Clemson University
272 Lehotsky Hall
Clemson, SC 29634-0317

Timber Mart-South

Here is the fourth quarter, 2009 price summary from Timber Mart-South, published by the Warnell School of Forestry and Natural Resources at the University of Georgia. The prices shown are statewide ranges of stumpage (standing timber) and the trend (Up or Down) from the previous quarter. These prices reflect the average range of stumpage prices reported to Timber Mart-South for the quarter. The price you may receive for your timber can and will vary due to factors such as size of timber, amount, location to mills, access and demand. If you'd like more information on the TimberMart-South price reporting service, call (706) 542-4756 or visit the website at: www.TimberMart-South.com.

Timber Mart-South 4th Quarter, 2009
South Carolina

Pine Sawtimber: $206-$277 MBF (per thousand board feet Scribner log scale) ($27.40-$36.95/Ton). Trend is Up.

Pine Chip-N-Saw: $40.07-$57.51/Cord ($14.95-$21.46/Ton). Trend is Up.

Pine Pulpwood: $20.39-$28.66/Cord ($7.61-$10.69/Ton) Trend is Up.

Questions about this newsletter, submissions and requests for subscriptions should be directed to: Editor, Forest Steward Newsletter, Clemson University Cooperative Extension Service, Department of Forest Resources, 272 Lehotsky Hall, Box 340317, Clemson, SC 29634-0317. Phone: 864/656-2479.

The Forest Steward

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CLEMSON EXTENSION

The South Carolina Forest Steward Newsletter is sponsored by the Forest Stewardship Program in South Carolina. For more information on the Forest Stewardship Program, contact Scott Phillips at the South Carolina Forestry Commission, (803) 896-8844. The South Carolina Forest Steward is compiled and edited by Bob Franklin, Area Forestry & Wildlife Agent, Walterboro, South Carolina, and Tom Brant, Area County Extension Agent, McCormick, South Carolina.

SOUTH CAROLINA FORESTRY COMMISSION